

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

USTR PRESS RELEASES ARE AVAILABLE ON THE USTR WEB SITE AT WWW.USTR.GOV.

**FOR IMMEDIATE RELEASE
NOVEMBER 29, 2000**

**CONTACT: 00 -84
BRENDAN DALY
AMY STILWELL
TODD GLASS
(202) 395-3230
Patrick Kirwan (ITA)
(202) 482-3809**

**U.S. and Japan Complete Annual Review of Automotive Framework Agreement
U.S. Emphasizes Need for Improved Market Access and Competition in Japan**

The Governments of the United States and Japan met on November 28 and 29 in Seattle to conduct the annual review of the 1995 U.S.-Japan Automotive Framework Agreement. These talks, called for under the Agreement, are held every year to assess progress and were co-led by the Department of Commerce and the Office of the United States Trade Representative.

During the annual review, the United States noted that over the life of the Agreement some noteworthy progress has been made, particularly in the areas of vehicle standards and certification issues and specific actions to deregulate the auto parts after-market. This progress notwithstanding, the U.S. expressed serious concern that the overall market opening objectives of the Agreement have not been achieved. Sales of U.S.- made vehicles to Japan have fallen dramatically since 1995 and sales of U.S.- made auto parts to Japanese firms and their transplants in the U.S. have also decreased in recent years, contributing to a record bilateral automotive trade deficit of \$40 billion in 1999. While the United States recognizes that the weakness of the Japanese economy over the past three years has contributed to these disappointing results, the U.S. delegation emphasized its belief that more can be done to improve access and competition in the Japanese market. Observers representing the Governments of Australia, Canada and the EU expressed similar views.

“We have not fully realized the objectives of the 1995 U.S.-Japan Automotive Framework Agreement. Despite the closer integration of the global auto industry over the past several years, barriers continue to exist in the Japanese market which restrict access by competitive U.S., and other foreign, vehicle and parts manufacturers. We hope to continue, and improve upon, the progress made under the current agreement. We must intensify our cooperative efforts to address remaining issues with the goal of increasing market access and U.S. exports in the future,” said Commerce Under Secretary for

International Trade, Robert LaRussa.

“The Administration remains concerned that many of the objectives of the 1995 bilateral automotive agreement have not been met. It is in the mutual interest of the United States and Japan to continue to work together to fulfill the market-opening objectives of the Agreement. Achieving an open, deregulated, and transparent automotive market in Japan will benefit both our countries and further Japan’s efforts to restructure its economy. In this spirit, we hope to meet again at a senior level in the coming weeks to determine how to proceed at year’s end,” said USTR General Counsel Robert Novick.

The U.S. and Japan will discuss over the next two days how to shape our bilateral automotive trade relationship beyond the end of the year. Building on the Vice Ministerial meetings held last month in Hong Kong, U.S. officials will highlight areas where the existing agreement can be enhanced and updated to address continued market access concerns.